

ORIGINAL

OPEN MEETING AGENDA ITEM



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August 25, 2009

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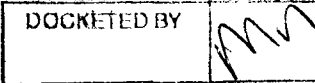
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED
AZ CORP COMMISSION
DOCKET CONTROL

AUG 25 2009

re: Docket Number E-01345A-09-0263

Dear Commission:



Thank you for the opportunity to comment. Please allow me to introduce myself, elaborate on my various roles and how I fit in with the SolarCity and Scottsdale Unified School District contract as well as many other potential projects for Arizona schools.

I am currently the General Manager of the Solar Division for Progressive Roofing. To ensure roof integrity for the schools, we plan on performing the roof portion of solar photovoltaic projects that we are selected for. I am also Vice-President of Clean Energy Constructors. Clean Energy Constructors will be handling the electrical portion of solar photovoltaic jobs we are selected for. Finally, I'm also a partner in Sundial Capital Partners. We are an investment firm that owns, operates and constructs renewable energy systems for public and private consumers worldwide. Together, all three of these companies provide the necessary resources for a successful implementation of turn-key photovoltaic systems for Arizona schools.

I'm also on the Board of Directors for the Laveen Elementary School District. I understand school districts, their needs and also understand what it takes to get a project signed, financed and constructed from the private equity and contracting side.

Background on Scottsdale Unified School District

Praxis Energy in partnership with SolarCity was awarded the Scottsdale Unified District Solar Service Agreement Contract. I was part of the interview team for this project and helped develop a model that Arizona schools to take advantage of. I am still a limited in partner in Praxis Energy.

Why the up-front incentive is important for the schools

In today's capital markets it is very difficult to acquire tax equity financing for these projects when presenting investors a production based incentive (PBI). PBIs are not as attractive as up-front incentives. Investors are heavily discounting the value of the PBI and in turn making the project not feasible.

As a result of tax equity being scarce, investors can pick and choose their projects. A fixed price contract with no escalator is not as lucrative as other projects that are being presented to them. The up-front incentive will help financiers offer an affordable and fair price to Arizona schools. The fixed, no escalation model has been adopted by Scottsdale Unified School District and we anticipate many other

schools to follow suit. Investors are willing to invest in systems placed on schools where there is an up-front cash rebate.

Currently, we are under consideration for projects at the following school districts:

- Scottsdale Unified School District
- Agua Fria Union High School District
- Deer Valley Unified School District

All of the projects at these school districts will be through a Solar Service Agreement. Several other Districts have expressed interest in going solar as soon as the rebates become available and the commission grants special contract status to the first two Scottsdale schools.

Another delay in the ruling of the up-front incentive will push the completion of projects for these districts further back and increase the likelihood of not being complete by the end of 2009. If awarded any or all of these projects, the up-front incentive will allow us to begin design, engineering, and construction sooner than if awarded a PBI. With an up-front incentive schools will begin to realize savings sooner. In this time of budget difficulty, we believe it is in the best interest of schools to be awarded an up-front incentive that will allow them to go solar quicker than any other option.

Concerns over RECs not being collected over the life of the system

In a Solar Service Agreement the revenues collected are used to repay the investor. It is in the best interest of the investor to ensure the system is performing at peak operating levels. If something should happen to the system, it is insured by the District and by the SSA provider and will be returned to normal operating status.

The investor relies on the production of the system to produce revenues, which we believe will prevent any type of negligence to the system and subsequently keep the system producing kWhs/RECs. The investor provides a virtually worry-free turn-key renewable energy solution to the end-user.

In the APS REC agreement there is a provision that mandates a pro-rated refund should the system fail to deliver RECs. This provision assures APS that RECs will be provided for the term of the REC agreement. Sundial Capital Partners will be happy to provide an additional pro-rata REC performance agreement to APS for the systems we finance.

Sincerely,

A handwritten signature in black ink, appearing to read "Freddie Bracamonte Jr.", with a stylized flourish at the end.

Freddie Bracamonte Jr.
General Manager, Solar Division for Progressive Roofing
Vice President, Clean Energy Constructors
Partner, Sundial Capital Partners